

Message Text

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70

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 TRSE-00 L-03

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R 201452Z SEP 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 1957

INFO AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMCONSUL FRANKFURT

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LONDON AND PARIS FOR CIVIL AIR ATTACHES

E.O. 11652: N/A

TAGS: EAIR, GW

SUBJECT: CIVAIR: NORTH ATLANTIC CARGO RATES

REF: BONN 12141 AND PREVIOUS

1. SUMMARY: ON BASIS OF EXTENDED DISCUSSIONS WITH
LOCAL REPRESENTATIVES OF AIR CARRIERS AND FREIGHT
FORWARDERS, EMBASSY SUGGESTS THAT DEPARTMENT MAY WISH
TO CONSIDER URGING CAB TO TAKE FAVORABLE ACTION ON
MIAMI CARGO RATE PACKAGE. END SUMMARY.

2. AT FRANKFURT MEETING SEPTEMBER 14 OF GERMAN AIR CARGO
CLUB, LUFTHANSA REPRESENTATIVE KOEHLER EXPLAINED AT
GREAT LENGTH THE NATURE OF ATLANTIC CARGO RATE PACKAGE
AGREED AT MIAMI BEACH. HE URGED EARLY APPROVAL AND
IMPLEMENTATION OF RATE PACKAGE. REPRESENTATIVES OF SOME
FREIGHT FORWARDERS MADE COMPLAINING NOISES EARLY IN
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MEETING ABOUT PROSPECT OF HIGHER RATES, BUT SOON APPEARED

SATISFIED WITH EXPLANATIONS GIVEN.

3. GIST OF LUFTHANSA ARGUMENT -- STRONGLY SUPPORTED BY SEVERAL OTHERS IN MEETING AND IN PRIVATE BY PANAM AND SEABOARD -- WAS THAT CROSS-BORDER TRUCKING OF GERMAN CARGO TO AND FROM LUXEMBOURG AND BRUSSELS AND SHIPMENT TO AND FROM US AT BELOW-COST RATES WAS SO WIDESPREAD AS TO JEOPARDIZE FINANCIAL VIABILITY OF SCHEDULED CARGO CARRIERS IN GERMANY.

4. AFTER EXPLAINING THAT CARGO RATE PACKAGE REPRESENTED COMPROMISE AMONG VARIOUS SCHEDULED CARRIERS, WHICH WAS VASTLY PREFERABLE TO PRESENT CHAOTIC MARKET SITUATION, KOEHLER SAID THAT IT WAS ACCEPTED BY CARRIERS, BY IATA AT MIAMI BEACH, AND BY MOST INTERESTED GOVERNMENTS. BY IMPLICATION, HE WAS URGING, OF COURSE, THAT CAB SHOULD TAKE PROMPT AND FAVORABLE ACTION.

5. US CAA, WHO ATTENDED MEETING, ALSO HELD NUMEROUS PRIVATE CONVERSATIONS WITH REPS OF OTHER CARRIERS AND FREIGHT FORWARDERS. CONSENSUS WAS CLEAR THAT EXISTING RATE SITUATION AND EXTENSIVE CROSS-BORDER TRUCKING AMOUNTED TO A PRICE WAR WHICH WAS JEOPARDIZING FINANCIAL VIABILITY OF MANY MARKET PARTICIPANTS.

6. IN ADDITION TO PROBLEMS MENTIONED ABOVE, THE WHOLE COMPLEX OF INTER-MODAL SHIPPING (BY TRUCK AND AIR) BETWEEN EUROPE AND AMERICA IS INVOLVED. WHILE THE FRG HAS OFFERED TO RETAIN THE STATUS QUO FOR THE MOMENT, EXTENSIVE DELAY OR REJECTION BY CAB OF THE MIAMI BEACH PACKAGE WOULD PROBABLY LEAD TO FULL APPLICATION BY THE FRG OF EXISTING TRUCKING REGULATIONS, WHICH WOULD BE VERY UNFAVORABLE TO SEABOARD AND OTHER US CARRIERS.

7. COMMENT: MIAMI BEACH RATE PROPOSAL APPEARS TO BE CONSISTENT WITH PRINCIPLES ENUNCIATED ON PAGES 23 AND 24 OF US INTERNATIONAL AIR TRANSPORT POLICY STATEMENT OF SEPTEMBER 8, I.E., THAT BOTH CHARTER AND SCHEDULED CARGO RATES SHOULD BE COST-RELATED, AND THAT WEIGHT BREAKS SHOULD REFLECT LARGE VOLUME COST SAVINGS. WE LIMITED OFFICIAL USE

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WERE STRUCK BY PREVALENCE OF VIEW THAT MIAMI RATE PACKAGE COULD OFFER USEFUL APPROACH WHICH WOULD HELP WITH SOLUTIONS TO CURRENT RELATED CIVIL AVIATION PROBLEMS.

8. FOREGOING IS OFFERED FOR WHATEVER IT MAY BE WORTH TO DEPARTMENT AND CAB IN REACHING DECISION ON IATA MIAMI BEACH CARGO RATE PACKAGE.

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